

Message Text

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ACTION NEA-10

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SUBJ: STATUS OF MONASTIR TEACHING HOSPITAL PROJECT

REF: TUNIS 1089

SUMMARY. PROJECT HOPE HAS BEGUN PRELIMINARY COST AND DESIGN STUDIES OF SUBJECT HOSPITAL. ALTHOUGH HOPE WILL FINANCE THIS PRELIMINARY WORK, MINISTER OF HEALTH ASSURED DR. WALSH OF HOPE DURING RECENT VISIT TO TUNIS THAT GOT PREPARED TO FINANCE SUBSEQUENT DETAILED ENGINEERING AND ARCHITECTURAL PLANS AS WELL AS ACTUAL CONSTRUCTION COSTS. MINISTER EXPRESSED HOPE THAT USG MIGHT BE ABLE PROVIDE SOME LOCAL CURRENCY FINANCING FOR CONSTRUCTION BUT REAFFIRMED THAT GOT PREPARED PROCEED WITH PROJECT EVEN WITHOUT SUCH ASSISTANCE. ALTHOUGH FINANCING OF US EQUIPMENT REQUIRED FOR HOSPITAL NOT SPECIFICALLY RAISED DURING WALSH'S TALKS WITH MINISTER, GOT CONTINUING TO COUNT ON SOME USG PARTICIPATION. END SUMMARY.

1. DR. WALSH, HEAD OF PROJECT HOPE, VISITED TUNISIA JUNE 23-24. HE INFORMED US THAT HE HAD RECEIVED FORMAL NOTIFICATION FROM MINISTER MZALI CONFIRMING GOT'S LIMITED OFFICIAL USE

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INTENTIONS TO PROCEED WITH AMERICAN HOSPITAL PROJECT AND

FORMALLY REQUESTING PROJECT HOPE ASSISTANCE. WALSH BROUGHT WITH HIM TWO ARCHITECTS FROM AMERICAN COMPANY BASED IN ROME, WHICH WILL CONDUCT PRELIMINARY COST AND DESIGN STUDIES OF PROPOSED AMERICAN-TYPE TEACHING HOSPITAL IN MONASTIR. AFTER DISCUSSIONS WITH MINISTER OF HEALTH MZALI, DR. WALSH TOLD AMBASSADOR THAT IT WAS AGREED THAT HOPE WOULD FINANCE FIRST PHASE OF THE ARCHITECTURAL STUDIES, WHICH WILL COST LESS THAN \$100,000, BECAUSE MZALI STATED THAT UNTIL THIS STUDY WAS COMPLETED HE HAD NO BASIS TO OBTAIN TUNISIAN BUDGET FUNDS. ACCORDING TO WALSH, MZALI ALSO STATED THAT ONCE PRELIMINARY COST STUDY IS COMPLETED (HOPEFULLY BEFORE END OF AUGUST) AND GOT APPROVAL OF PROJECT IS OBTAINED, HIS MINISTRY PREPARED TO FINANCE COST OF FULL ARCHITECTURAL DESIGN AND ENGINEERING WORK. WALSH FELT FOREIGN EXCHANGE COST OF THIS WORK COULD BE KEPT REASONABLY LOW BY SUPPLEMENTING US FIRM'S BASIC DESIGN AND ENGINEERING WORK BY EXTENSIVE RELIANCE ON TUNISIAN-BASED ARCHITECTURAL AND ENGINEERING COMPANIES.

2. DR. WALSH ALSO REPORTED THAT MZALI REAFFIRMED THAT GOT IS PREPARED TO PAY FULL COST OF CONSTRUCTION AND, IN FACT, HAS ALREADY INCLUDED DINAR FUNDS IN FY 75 BUDGET FOR THIS PURPOSE. MZALI, NEVERTHELESS, EXPRESSED HOPE TO WALSH THAT USG MIGHT BE ABLE TO CONTRIBUTE TO FINANCING OF CONSTRUCTION COSTS THROUGH SOME OF ITS US-OWNED DINARS. WHEN WALSH EXPRESSED HIS UNDERSTANDING THAT SUCH A POSSIBILITY SEEMS TO BE COMPLETELY OUT OF THE QUESTION, MZALI INDICATED THAT IN ANY CASE GOT IS PROCEEDING ON BASIS THAT GOT WILL DEFRAID FULL COST OF CONSTRUCTION. MZALI SAID ADDITIONAL FUNDS FOR HOSPITAL BEING INCLUDED IN FY 1976 BUDGET.

3. WALSH ALSO REPORTED THAT AMBASSADOR HEDDA IS MAKING CONSIDERABLE EFFORTS IN WASHINGTON TO OBTAIN USG FUNDS TO FINANCE ENTIRE COST OF HOSPITAL, INCLUDING LOCAL CONSTRUCTION COSTS. SINCE GOT NOW SEEMS COMMITTED TO FINANCING THESE COSTS, HE FELT THAT HEDDA'S EFFORTS SERVE NO USEFUL PURPOSE AND WERE CONTRARY TO ASSURANCES THAT HE HAD OBTAINED DIRECTLY FROM PRESIDENT BOURGUIBA DURING HIS EARLIER VISIT THAT GOT WOULD TAKE CARE OF LIMITED OFFICIAL USE

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LOCAL COSTS. (EMBASSY COMMENT: WHILE DR. WALSH IS CORRECT IN SAYING THAT BOTH MZALI AND PRESIDENT BOURGUIBA HAVE INDICATED GOT UNDERTAKING TO FUND LOCAL CONSTRUCTION COSTS, WE BELIEVE THEY HAVE BOTH LEFT DOOR OPEN FOR CONTRIBUTORY US FINANCIAL SUPPORT.) WALSH SAID THAT HE REMINDED MZALI THAT TOTAL PROJECT HOPE CONTRIBUTION TO HOSPITAL OVER 10-YEAR PERIOD WOULD AMOUNT TO SOME \$15 MILLION. WALSH COMMENTED THAT QUESTION OF EVENTUALLY

ACQUIRING AMERICAN EQUIPMENT FOR HOSPITAL WAS NTO RAISED.

4. COMMENT: IT IS CERTAIN THAT THE GOT CONTINUES TO
COUNT ON USG FINANCING UNDER FAVORABLE TERMS NOR HOSPITAL
EQUIPMENT. WHILE THIS IS STILL SOME TIME AWAY, IT IS
HOPED THAT APPROPRIATE AGENCIES IN WASHINGTON WILL
CONTINUE TO CONSIDER HOW USG MIGHT BE ABLE TO RESPOND
TO GOT DESIRE. THIS EQUIPMENT WILL CONSTITUTE RELATIVELY
SMALL PROTION OF TOTAL ESTIMATED COSTS OF ESTABLISHING,
STAFFING AND OPERATION HOSPITAL, WHICH WILL BE BORNE BY
GOT AND PROJECT HOPE. SOME SUPPLEMENTARY USG FINANCING
FOR EQUIPMENT ON FAVORABLE TERMS WHICH COULD BE BLENDED
WITH POSSIBLE EXIMBANK SUPPORT (WHOSE TERMS GOT FEEL
ARE TOO ONEROUS BY THEMSELVES FOR HOSPITAL EQUIPMENT)
IS IMPORTANT IN ORDER TO ASSURE SUCCESS OF THIS JOINT
ENDEAVOR. IT WOULD ALSO BRING US POLITICAL DIVIDENDS
AND, MORE SPECIFICALLY, GUARANTEE THE EXPORT OF US
MEDICAL EQUIPMENT TO TUNISIA.
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